



EFFECTIVE TIME OF SUPPLY UNDER GOODS AND SERVICE TAX ACT

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ABSTRACT

Time play most important role in any type of tax applicability in the case of services or in the case of goods too. On the basis of time the person is able to determine the tax liabilities of the specified transaction. When the time or date specify in relation of the goods or services supply then after the taxability will be determine whether it is related to direct tax or related to indirect tax or what is the time of supply for the specified transaction. Goods and service tax is an Indirect tax and in Goods and service tax act time of supply also play the most important role to determine the tax liabilities.

As per the time and date of supply taxability will be determine under the goods and service tax act, means tax under SGST or tax under CGST or tax under IGST and its also depend upon the category of goods too. But the time of supply is also play the most important role for determination the taxability of the transaction whether it is related to goods or it is related to services. In respect of goods and service tax act there are two types of classification for tax liabilities i.e. one is for Goods (means Sale and Purchase transaction) and the second is for Services.

KEYWORDS: Payment Received (i.e. the date on which payment received in bank or the entry passed in the account), Place of supply, Dealer/ Seller, Purchaser/consumer, GST (i.e. goods and Service tax), RCM (Reverse Charge Mechanism)

INTRODUCTION OF GST:

Goods and service tax is nothing but the combination of all the indirect taxes. In current tax scenario there are so many indirect taxes in India like Service tax, Value added tax, Entry Tax, Excise Duty, Custom duty, Entry tax etc. But after introduce of GST all the indirect tax subsumed under the one tax i.e. known as Goods and Service Tax (GST) or we can say most of the indirect tax will be under the one roof. Under GST Law there are three types of tax component i.e.

- 1) **CGST:** means Central goods and service tax which will be collect by the central government.
- 2) **SGST:** means State goods and service tax which will be collect by the state government.
- 3) **IGST:** Inter State goods and service tax which will be collectively collect by the government.

On the basis of time of supply we can decide the tax type and pay the tax accordingly. For the proper tax payment we need to know the time of supply under GST.

For Goods

When a person is a services provider then the time of supply will be determine as per the provision of time of supply which is as under:-

1. In case of normal supply of goods time of supply will be decided whichever is earlier as per the below given condition will be the time of supply for the specific transaction:
 - a. Time or date on which seller sell the goods.
 - b. Time or date on which invoice issued by the seller.
 - c. Time or date on which seller received the payment of related transaction.
 - d. Time or date on which purchaser received the goods in his books of accounts.
2. In case of reverse charge mechanism tax liability under Goods and service tax decide by the time of supply will be the earliest of the below given condition:
 - a. Time or Date on which the receiver received the goods
 - b. Time or Date on which the receiver received the invoice.
 - c. Time or date on which receiver make the payment for the specific transaction.
 - d. Time or date on which receiver received the goods in his books of account.

For Services

When a person is a services provider then the time of supply will be determine as per the provision of time of supply which is as under:-

1. In case of normal services time of supply will be decided whichever is earlier as per the below given condition:-
 - a. Time or date on which service provider received the payment.
 - b. Time or date on which he received the invoice.
2. Time of supply of services in case of continuous of services then the time of supply will be the time which is mutually decided by the both the parties i.e. service receiver or service provider. If it is related to completion of service then the time of supply will be the date of completion of that service and if the date is not decided and the contract is continue then the payment received for that service or invoice received whichever is earlier will be the time of supply for the specific service.

Detail Explanation of time of supply under various situations of Goods and Services:

A) For Goods time of supply will be decided as per the below given situations:

1. In case of normal supply of goods time of supply will be the time which is earlier on the below given conditions i.e. in the below given dates which will be the earliest date become the date of supply or the time of supply of goods in the normal situations, following condition are as under:-
 - I) In case of movable goods when the seller send the goods to the purchaser this date will be the time of supply and in case of non movable goods when the purchaser received the goods that date will be the time of supply for the purpose of GST applicability.

Ex:

When Mr. "A" sell mobile phone to Mr. "B" on 27.10.2016 but Mr. "B" received mobile on 18.11.2016 then the time of supply will be the 27.10.2016 not 18.11.2016 (For movable goods) but when Mr. "A" sell building to Mr. "B" on 27.10.2016 but Mr. "B" received it on 18.11.2016 then the time of supply will be the 18.11.2016 not 27.10.2016. (For non movable goods)

- II) When the purchaser enters the goods received entry in his books of accounts then that time will be the time of supply of goods for the purpose of GST.

Ex:

When Mr. "A" sell goods to Mr. "B" on 18.11.2016 but Mr. "B" enter the goods entry in his books of accounts on 27.10.2016 then the time of supply will be the 27.10.2016 not 18.11.2016.

III) When the seller received the payment of the related goods then the time of supply for the GST purpose will be the date on which payment has been received in the bank or enter in to the seller books of accounts.

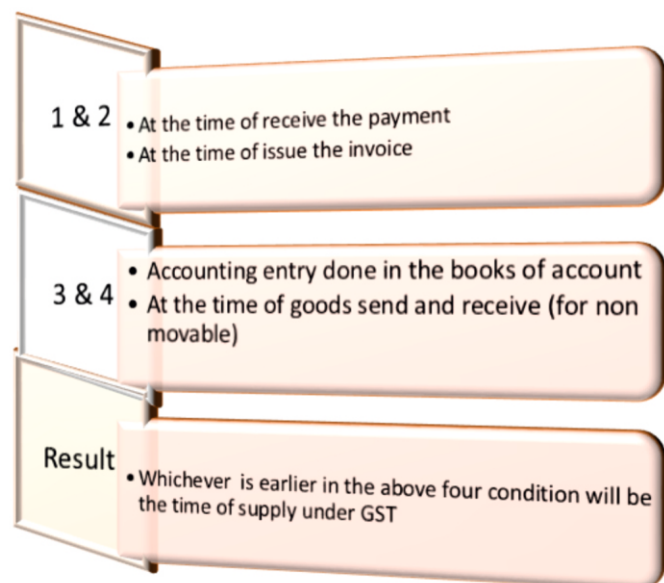
Ex:

When Mr. "A" received the sell related payment in advance i.e. on 27.10.2016 but actual sell done on 18.11.2016 then the time of supply will be the 27.10.2016 not 18.11.2016.

IV) When the seller made invoice and issue the same invoice to the purchaser then the time of supply will be the date of issue the invoice to the purchaser will be the time of supply for the purpose of GST applicability.

Ex:

When Mr. "A" made invoice on date is 27.10.2016 but issued to Mr. "B" 18.11.2016 then the time of supply will be the 18.11.2016 not 27.10.2016.



2. In case of continuous supply of goods time of supply of goods determine as per the expiry time decided by both the parties as per the mutual agreement of both of them i.e. the party decided the period of goods dispatch and expiry period of goods too and when the received or dispatch period will expire that will be the time of supply. And when there is no continuous period decided then the time of supply of goods will be date of issue of invoices or date of received the payment whichever is earlier will be the time of supply as per the GST regime.

3. In case of Reverse charge Mechanism (i.e. under RCM) the liability of tax payment is purchase not the seller whenever in the normal case the liability of tax payment is the seller not purchaser. In the case of reverse charge the liability of tax payment will be the purchase on the basis of time of supply and time of supply will be decided by the below given condition whichever is earlier as per the below given condition will be the time of supply under RCM. The condition are as under:

I) Date on which receiver received the goods.

II) Date of payment when receiver made the payment for the said goods.

III) Date on which receiver received the invoice by the seller.

IV) Date of accounting in the books of receiver.

Whichever is earliest in the above given situation will be the time of supply for the reverse charge mechanism.

Ex:

Seller Mr. "A" sell goods to purchaser Mr. "B" then under RCM liability to pay tax is Mr. "B" the date on which Mr. B" received the goods is 16.10.2016 and enter in the books is on 15.10.2016 and received the invoice on 18.11.2016 and payment made on 09.10.2016 then the liability arise to pay tax on this transaction is on 09.10.2016. i.e. whichever is earlier will be the time of supply the goods and this case the time of supply of goods is 09.10.2016.

4. When the goods send for the sale and don't know the time of removal then the

time of supply will be the time when supply will take place or 6 month from the date of sale whichever is earlier will be the time of supply as per the GST regime.

When time of supply are not decide by the above given all the four situations or the above given all the situation is not fit for decide the time of supply then the time of supply of goods will be the date of filling the respective tax return as per the recommend by the law or the date on which return has been filled or the date of return has to be filled.

OR

Time of supply will be the date on which GST, either CGST, IGST or SGST is paid will be the time of supply of goods.

1. Goods sale in normal case.
2. goods sale in continuous process.
3. Sale of goods under RCM
4. Sale on approval or return basis

According all above situation is not fit for decide the time of supply then

Time of return filling or time of GST paid will be the place of supply

B) For Services time of supply will be decided as per the below given situations:

As far as services are concern time of supply is decided the taxability of services means liability to pay GST at the time of supply. So to meet out the legal requirement we have to decide the time of supply of services. On the basis of time of supply we are able to decide the tax payment under CGST, SGST or IGST. There are so many types of services and every situation has its own condition to decide the time of supply. Some of the situations of services to decide the time of supply are as under:-

1. In case of normal services provide:

I) In case of service provide for the routine work then time of supply will be the time when service provider issue the invoice for the related service or the payment received by the service provider whichever is earlier will be the time of supply for the said service under GST regime.

Ex:

Mr. "A" is a service provider if he issue invoice to Mr. "B" for the service on 18.10.2016 and received the related payment in advance as on 27.09.2016 then the time of supply services will be the 27.09.2016 not 18.10.2016 and as per the tax existing tax provision will be applicable. Rate of GT will be applicable as per the time of supply.

II) When the invoice not issued in the prescribed time limit then the time of supply determine as per the completion of services or payment received for the related services whichever is earlier will be the time of supply for the purpose of tax calculation as per the GST regime

Ex:

Mr. "A" is a service provider but he was not able to issue the invoice before completion of services i.e. 27.03.2016 and also received the amount for the related services on 15.07.2016 then the time of supply will be the time whichever is earlier i.e. on 27.03.2016

III) When the issue of invoice and received the payment provision/rule is not able to determine or not workable for the said situations then the time of supply will be the time when the service receiver account for

this service in his books of accounts. Means the date on which service receiver passed the entry for related services in his books of accounts.

Ex:

Mr. "A" is a service provider but he was not able to issue the invoice and also not received the payment up to year ending as on 31.03.2016 but Mr. "B" is a service receiver and he enter services in his books of account on 18.02.2016 then the taxability for the purpose of GST will be arise and for that time of supply will be 18.02.2016.

2. In case of continuous supply of services time of supply of services determine as per the below given situations:

- I) When the time of payment is decided by the service provider and the service receiver then time of supply will be the date on which payment is due whether invoice has been issued or not and the same way payment received or not.

Ex:

If the services provider and receiver decide the date of payment is 18.02.2017 and payment received on 27.12.2016 and invoice issued on 09.03.2017 then the time of supply will be the 18.02.2017

- II) When the time of payment is not decided by the service provider and the service receiver then time of supply will be the date on which payment is received by the service provider or invoice has been issued whichever is earlier will be the time of supply.

Ex:

If the services receiver payment to service provider on 27.12.2016 and invoice issued on 09.01.2017 then the time of supply will be the 27.12.2016.

- III) When the time of payment is related to service completion then time of supply will be that date on which the work or service has been completed does not matter payment is received or invoice has been issued or not.

Ex.

If the services complete on 18.02.2017 and payment received on 27.12.2016 and invoice issued on 09.01.2017 then the time of supply will be the 18.02.2017

3. In case of reverse charge related to services then the liability of GST will be service receiver not service provider and in that situations time of supply of services determine as per the below given condition which are as under:

- I) Date on which receiver received the service.

- II) Date of payment when receiver made the payment for the said services.

- III) Date on which receiver received the invoice by the service provider.

- IV) Date of accounting in the books of receiver.

Whichever is earliest in the above given situation will be the time of supply under the reverse charge mechanism.

Ex:

Service provider provide the services to service receiver then under RCM liability to pay tax is service receiver the date on which service receiver received the services is 16.10.2016 and enter in the books is on 15.10.2016 and received the invoice on 18.11.2016 and payment made on 09.10.2016 then the liability arise to pay tax on this services under RCM on 09.10.2016. i.e. whichever is earlier will be the time of supply the service and this case the time of supply of services will be 09.10.2016.

4. In case of services ceases before the completion of services then the time of supply for services in when the supply of services has been cease.

Ex:

Service provider provide the services to service receiver and commit the completion of services on 27.12.2016 but before completion of services service has been ceased on 16.10.2016 then the liability to pay tax is on 16.10.2016 and then we will not wait for completion of services for determine the time of supply.

When time of supply are not decided by the above given all the situations or the above given all the situation is not fit for decide the time of supply then the time of supply of services will be the date of filing the respective tax return as per the recommend by the law or the date on which return has been filled or the date of return has to be filled.

OR

Time of supply will be the date on which GST, either CGST, IGST or SGST is paid will be the time of supply of services.

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